

*PART I*

**The Soviets at the Conference: Propaganda and Vital Interests**

**CIA/RR  
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**7 March 1963**

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The exposition of the Kremlin's theses on world trade and economic development has occupied a large volume of Soviet literature, particularly since the death of Stalin ten years ago. The positions have been elaborated so often, and in such detail, that they leave little doubt about the probable direction of Soviet speeches and proposals at the forthcoming United Nations Conference on Trade and Development.

In a recent Soviet article devoted to the Conference, the major positions of the USSR were again set forth. The most important subject on the agenda, from the Soviet standpoint, is the question of creating a worldwide trade organization, "embracing all regions and countries, without any kind of discrimination," as Khrushchev suggested in May 1962. A second area of major Soviet attention is the trade of less-developed areas, including questions of the growth of trade, stabilizing commodity export prices, overcoming the supposed "non-equivalent exchange" between industrial and less-developed nations, and a more philosophical topic: "the significance of equal and mutually profitable trade among countries with different levels of economic development." Because of its "significance for peaceful coexistence and economic progress" the Soviets propose as a third general subject of discussion the expansion of East-West trade, with particular attention to liquidating "all forms" of discrimination from this trade. The USSR further suggests that the preparatory committee for the Conference keep in mind "the fact that general and complete disarmament would be a most important factor in expanding world trade and economic development."

The real motivation underlying these propaganda positions is seen most clearly against the background of vital Soviet policy interests in which trade plays, or might be made to play, a significant role.

The Soviet leadership has seen the Common Market as a locus of vast potential economic and political power in the non-Communist world toward which many countries -- including, perhaps, some of those in Eastern Europe -- would surely gravitate. Hence the USSR's spokesmen call for an end to regional trading Blocs and their replacement by a single, worldwide trade organization: precisely the sort of unstructured, politically-charged forum in which any

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attempts at serious discussion of trade problems would be drowned out by thundering oratory against colonialism. Possibly of equal importance to the Soviet government is the knowledge that, in the absence of close regional groupings of non-Communist nations, the full bargaining power of the Soviet state, represented in the trade monopoly, could be brought to bear against any single Free World country.

In calling for an end to trade discrimination the Soviet propagandists echo the cries of their spokesmen before the League of Nations more than thirty years ago and, like their predecessors, unwilling to discuss the world's most effective organ for trade discrimination: the Soviet trade monopoly. The Western governments continue to rely largely on published tariff schedules to influence trading activity, while the USSR directs its trade by administrative fiat, giving it obvious advantages in speed, impact, and secrecy. In such conditions the USSR stands only to gain, and Western countries only to lose, in any reciprocal pledge to apply most-favored-nation treatment or commercial principles to mutual trade; clearly discrimination cannot be proven against a state trade monopoly.

The Soviet government has a vital interest in achieving the removal of Western trade restrictions. Generally the absence of such restrictions would enhance Soviet prestige as a member in good standing of the community of nations and, of more measurable importance, would give Soviet trading organs a freer hand to buy and sell the products of their choice in the markets of their choice. An end to Western trade controls would not in fact lead to any upsurge in East-West trade, but rather to an increase in selective Soviet purchases of precisely the sorts of technology now proscribed from sale to the Bloc.

In pursuit of this objective Soviet propagandists can be expected to continue singing of the golden vistas of opportunity for expanded trade with the USSR. The rapid growth of the Soviet (and Soviet Bloc) economy, they argue, will lead to an ever-expanding Bloc market, for Western consumer goods as well as machinery. (Why current Soviet purchases of consumer goods are at so low a level is ignored). To the American worker and businessman the possibility of huge Soviet orders are held out as a means to offset declining domestic demand and rising unemployment. In Western Europe and Japan the Soviet propagandist adds to this appeal the importance of trade with the USSR as a way to escape economic domination by the United States. The murky and unsupported claim that expanded East-West trade will somehow lead to a relaxation of international tensions is one more point often encountered in Soviet propaganda. In regard to strategic trade controls, in particular, Soviet spokesmen argue -- with some basis in fact -- that similar efforts in the past have not achieved their

objective; that, on the contrary, controls have caused the Soviet Bloc to develop its own sources of supply and, as in the case of aluminum, the Bloc has become a net exporter.

The Kremlin's propaganda theses on trade with the less-developed part of the world flow from the particular role assigned this group of countries in Soviet general strategy. Briefly these countries are looked upon officially as the weakest link in the world economic system of the West; as sources of the plundered raw materials upon which the economic progress and wealth of the Industrial West largely depend; and as backward, exploited peoples with a tremendous, though latent, revolutionary potential.

Currently the Soviet leadership sees as its chief role in these countries the support of their national liberation movements, the encouragement of policies designed to sever their remaining political and economic ties to the metropolitan countries of the West, and the extension of economic and military assistance to the new national governments. It is recognized in Moscow that the ideology of the new regimes will contain little beyond an intense nationalism salted with an anti-colonial bias. (Khrushchev, himself has spoken with contempt of the distorted notions of socialism held by many of the new nations' leaders). For the time being, however, this is enough to satisfy Khrushchev's -- though certainly not Mao's -- expectations in the developing countries.

Gradually, in the Soviet view, Western influence will be eroded and there will be increasing scope for political activity by pro-Communist elements in the society. Eventually the demands for more radical social and economic reform are expected to lead to the downfall of nationalist regimes in favor of Communist-dominated governments. Attempts will be made in the meantime to increase the underdeveloped peoples' awareness of the USSR, both as an appropriate model for economic growth and as a powerful ally in their struggle for independence. While the Soviet government, guided by this policy, lends support to the anti-Communist regime of Nasser and the feudal regime in Yemen, it is nevertheless equally prepared to take quick advantage of a revolutionary windfall, such as the rapid metamorphosis of Cuba from a national liberation movement to a Soviet Satellite.

From this appreciation of the historical destiny of the less-developed countries flows a number of propaganda theses concerning their trade. The general line personifies the Western powers as Evil, the Soviet Bloc as Good. Trade with the West is fraught with danger; trade with the Bloc is good. To accept aid from the West is to strike a bargain with the Devil, and he always exacts a high price. The fact that these countries are today undeveloped is due precisely to their long bondage as colonies.

Hence, the goals of the West are antithetical to those of the new nations; the interests of the USSR and of the new nations are identical.

Soviet propagandists urge the severance of economic bonds with the Industrial West. The developing countries no longer have to crawl begging to the West for economic aid, Khrushchev has said, because now the powerful, industrialized socialist camp stands ready to provide them with capital goods and technical assistance of the highest quality, and on favorable terms. The Bloc countries will, it is asserted, provide whatever the new nations request, under low interest-bearing credits and with no political strings attached. Moreover repayment can be made in the traditional export commodities, for which the rapidly-expanding economies of the socialist camp offer a growing market.

The planned character of Bloc economic activity, which permits quantities and prices of imports to be arranged some years in advance of delivery, is contrasted with the cyclical movements affecting the trade of Western industrial countries. On the Western world market, it is further asserted, the terms of trade are continually moving against the primary producing nations. The Western monopolist charges ever higher prices for his manufactures and pays ever less for his raw materials.

The Bloc's real potential as a market for the tropical commodities that account for by far the greater part of the developing countries' exports is uncertain, as indicated in another part of this paper. Only a couple of these products are in any sense essential imports for the Soviet Bloc; and, even for these few goods, domestic substitutes are being rapidly developed. Furthermore the prospects held out by Soviet propagandists for a vastly higher level of trade based on the exchange of Bloc machinery for such non-essentials as coffee and cocoa, find little support in the past forty years of Soviet trade and trade policy. Recent trade data similarly fail to demonstrate the vaunted stability of Bloc imports from the emerging nations.

Concerning economic development Soviet spokesmen, including leading academicians, have sought generally to analyze the problem within a comparative context, discussing the specific applicability of the Soviet experience to the newly emerging countries. The experience of Soviet Central Asia is often cited as a prototype for

the sort of rapid development that backward areas can anticipate if they choose the so-called socialist path. As a first step the new states are encouraged to assume control of national economic life. This state capitalism should involve, at a minimum, the nationalization of foreign-owned industry and finance, the establishment of a foreign trade monopoly, and the priority development of the state sector of the economy.

While the socialist camp is willing to assist their industrialization by providing capital equipment and technical expertise under long-term credits, the new nations are admonished that they must rely primarily on their own resources. Supplemental inputs from the Soviet Bloc will nevertheless be important. This is particularly true because of the special character of Soviet aid. Unlike Western assistance, that from the socialist countries is provided exclusively to the state sector and is destined primarily for heavy industrial development.

Soviet propaganda describes what it usually terms "so-called aid from the imperialist powers" as insidious and ill-inspired. Its chief purpose is to trap the new nations into politico-military blocs. It is also designed to bind them to the imperialist West through economic and financial dependence -- the "neo-colonialism" of Soviet propagandists. In doing this, it is charged, the Western powers purposely neglect heavy industrial aid. Instead they offer to develop the infra-structure, thus seeking to perpetuate the role of the ex-colonies as suppliers of primary commodities. Or the monopolists build overseas subsidiaries, which employ cheap local labor, and which exploit only those resources which are the most readily attainable and which yield the most immediate profits for the Western owners.

Such is the general configuration of the Soviet propaganda position vis-a-vis the developing areas. Recently, however, several new variations on the main themes have appeared.

One is the Soviet response to Chinese criticism of the help given by Khrushchev to leaders like Nasser, whose revolutionary fervor is noted chiefly for its diligence in jailing local Communists. The reaction to Chinese barbs has been twofold: a growing sensitivity to the revolutionary shortcomings of the new national leaders, and an elaborate, more demanding rationale for continuing Soviet support to them.

Recently Soviet propagandists have begun to stress trade, rather than credits, as the most beneficial form of economic aid. This thesis, elaborated only once so far, asserts that Soviet trade is, in fact, a form of aid to the developing nations,

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because it is conducted on more favorable terms than their trade with the West. Credits, from whatever source, are costly.

The less-developed countries have also begun to figure in Soviet propaganda on disarmament. If the Soviet proposals for disarmament are accepted, it is said, billions of dollars would be freed for investment in the developing countries; hence the new nations should support the USSR's proposals.

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PART II

Patterns and Prospects of Soviet Bloc Trade  
with the Underdeveloped Countries

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PATTERNS AND PROSPECTS OF SOVIET BLOC TRADE  
WITH THE UNDERDEVELOPED COUNTRIES\*

I. Magnitude and Direction

The specter of Soviet economic warfare suggested by Khrushchev's unilateral declaration of a "war through trade" has been magnified by the proliferation of Bloc trade activities in underdeveloped countries of the Free World. The disproportionately large political impact of the Bloc trade program has been more a tribute to the skill with which its propaganda value has been exploited by the Bloc than to the size which is, on the whole, still rather modest. Against the initial advantages of state monopolies of foreign trade directed by a unity of commercial and political interests, Bloc countries have consistently sought to portray themselves as economies whose ostensible demand for a wide range of foodstuffs and consumer goods enables them to absorb with profit the agricultural and raw materials surpluses of primary producing nations.

Under the impact of seven years of active Bloc trade promotion in the area, Bloc trade with underdeveloped countries has increased almost two and one half times. In 1955 there were in effect an estimated 90 commercial agreements between the Bloc and underdeveloped countries and a total trade turnover of only US \$950 million.\*\*By 1961 the number of commercial agreements had grown to more than 200 and the value of the trade turnover to about \$2.2 billion.

Despite the sizable overall expansion of Bloc trade with the underdeveloped countries during the period under review, the rate of growth has slowed considerably since 1959. Trade turnover in 1961 was only 4 percent above the 1960 level, while preliminary data for 1962 show that the trade turnover held constant at about

\* Throughout this paper, the terms Soviet Bloc or Bloc are to be interpreted as including only the USSR and its European Satellites, namely, Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Rumania. The term underdeveloped countries includes the following Free World countries: (1) all independent countries in Latin America, excluding Cuba; (2) all countries in the Middle East, including Cyprus, Greece, the Syrian Arab Republic, Turkey, and the United Arab Republic (Egypt); (3) all countries in Africa except the Republic of South Africa; (4) all countries in South and South-east Asia, including Afghanistan and Pakistan; and (5) Iceland, Portugal, Spain, and Yugoslavia.

\*\* This paper is based primarily on trade statistics as reported by the underdeveloped countries themselves. It should be noted that these figures differ substantially from those on the same trade as

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the US \$2.2 billion level of 1961. (See Table 3) Moreover, the share of the underdeveloped countries in total Soviet Bloc trade has remained a stable 7 to 8 percent since 1956, while the Bloc's share of aggregate underdeveloped country trade has amounted to only 4 to 5 percent. The Bloc does occupy a preponderant share of the total trade of certain underdeveloped countries, however, accounting for as much as 40 percent of the total trade of Afghanistan and almost 30 percent of the total trade of the United Arab Republic and Guinea. (See Table 4) Data on Soviet Bloc exports to and imports from individual underdeveloped countries are presented in Tables 5 and 6.

Throughout the period 1955-61, the Middle East has accounted consistently for the largest share of Bloc trade with the underdeveloped areas; this share has ranged between 30 and 45 percent of total trade with the underdeveloped countries. (See Table 7) Although the Bloc has trade relations with 13 Middle Eastern nations, six of them -- the United Arab Republic, Greece, Turkey, Syria, Iran and Iraq -- have accounted for more than 90 percent of the total, with the UAR alone accounting for roughly half of this commerce since 1957.

Bloc trade with the underdeveloped countries of Europe accounted for slightly more than one-fifth of Bloc-underdeveloped country trade during 1956-60. This share declined to about 18 percent in 1961, however, largely as a result of a decrease in Bloc trade with Yugoslavia, which had accounted for four-fifths or more of Bloc trade with the underdeveloped countries of Europe since 1956.

Although the countries of Asia accounted for less than one-fifth of Bloc trade with the underdeveloped areas in earlier years, this trade recently has assumed more prominence, and in 1961 it

reported by official Bloc sources, especially those of the USSR. The statistical discrepancies result mainly from the following:

- (a) Differences in reporting methods. Indonesia and India, for example, do not include in their trade statistics all imports under foreign aid, whereas the USSR reports exports furnished on credit;
- (b) Scope of the statistics. Soviet statistics include trade with certain countries such as Afghanistan and Yemen that are not reported in Free World statistics;
- (c) Transportation and insurance costs. Soviet exports and imports are reported on an f.o.b. basis, whereas Free World imports are generally recorded on a c.i.f. basis, and
- (d) Time lags. Exports from one country at the end of a year, which are recorded as exports in that year, may not be received and recorded in the country of destination until the following year.



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accounted for more than one-fourth of Bloc-underdeveloped country trade. Since 1956 India and Malaya have accounted for between 60 and 70 percent of this trade, with Indonesia and Afghanistan accounting for the major portion of the remainder.

The share of the Latin American nations in total Bloc-underdeveloped country trade has held steady at about 14 percent since 1958. In that year Argentina accounted for half of all Bloc trade with Latin America and was followed in importance by Brazil, whose trade with the Bloc comprised 28 percent of the Latin American total. Since 1958 the positions of Argentina and Brazil have been reversed, with Brazil now accounting for half and Argentina for a little more than one-third of Bloc-Latin American trade. Motivated by a need to increase foreign sales of primary products, principally coffee and cocoa, the Brazilian Government recently has placed great stress on expanding trade relations with the Bloc and in late 1962 established a high-level governmental committee to facilitate and coordinate trade with the Bloc. Uruguay, the third most important Latin American trader with the Bloc, accounted for less than 6 percent of Bloc-Latin American trade in 1961.

Bloc trade with Africa did not assume much importance as a share of total Bloc-underdeveloped country trade until 1960-61, when it accounted for 9-10 percent of the total. Although some twenty African nations are conducting trade with the Bloc, five nations -- Ghana, Guinea, Morocco, Nigeria, and Sudan -- accounted for 70 percent of this trade in both 1960 and 1961.

**II. The Bloc as a Market**

**A. Present Dimensions**

Despite the very real growth in trade between the Soviet Bloc and the underdeveloped countries -- and the pretensions of Bloc propaganda -- the Soviet Bloc currently provides only a modest market for the aggregate exports of underdeveloped countries. In both 1960 and 1961 the Bloc provided a market for only about 5 percent of their total exports. The Free World industrialized nations, on the other hand, continue to be the predominant purchasers for underdeveloped countries, absorbing more than 70 percent of their total exports.

For political as well as for economic reasons, the significance of Bloc markets varies greatly from one underdeveloped country to another, with Bloc concentration on a selected and limited number of underdeveloped countries for which it provides a market for

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a significant portion of the exports of these countries. (See Table 4 for those countries for which the Bloc provides a market for 5 percent or more of total exports.)

In Africa, where the Bloc markets are minor for the majority of African countries, about 23 percent of Guinea's exports were sold to the Bloc in 1961, nearly 10 percent of Sudan's and 6 percent of Tunisia's. Although data on Mali's exports are not available, it is known that the USSR and Czechoslovakia have sought -- and gained -- entrance into what had hitherto been a French preserve, and together purchased almost the entire peanut crop of Mali in 1961 and 1962. Since peanuts constitute Mali's sole export of any significance in international trade, it is safe to include Mali as one of the African nations for which the Bloc has become a major market.

There are several countries in the Middle East for which the Bloc provides a significant market. In 1961 two-fifths of the exports of the United Arab Republic and almost one-fourth of Greece's exports were sold to the Bloc. About half of the United Arab Republic's exports of cotton went to the Bloc during the marketing year 1961/62. Approximately 14 percent of Syria's exports and some 5 to 10 percent of the exports of Lebanon and Turkey were absorbed by the Bloc in 1961. In Asia, with the exception of Afghanistan, which sends more than 30 percent of its exports to the Bloc, the major Asian exporters to the Bloc, namely India, Indonesia, and Malaya, each send between 5 to 10 percent of their exports to the Bloc.

In Latin America, the importance of Bloc markets ranges from negligible for most countries to about 5 percent for Argentina and Brazil to 7 percent for Uruguay. And two of the four underdeveloped countries of Europe found sizable markets in the Bloc in 1961. More than 30 percent of Yugoslavia's exports and 14 percent of Iceland's exports were taken by the Bloc.

**B. Commodity Composition of Bloc Imports**

An analysis of the commodity pattern of Bloc trade with most underdeveloped countries suggests that the Bloc represents to these areas primarily a market for their foodstuffs and agricultural raw materials, and perhaps only secondarily a source of supply. In recent years, crude materials, mainly rubber, cotton, wool, and hides and skins, have averaged more than half of Bloc imports from the underdeveloped countries, while foodstuffs have comprised almost one-quarter. The remainder consists of small quantities of manufactured goods, machinery and equipment, chemicals and fuels. (See Table 8) The commodity imports of both the USSR and the European Satellites are similarly restricted.

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High on the Bloc import list of crude materials are cotton and rubber, which together have accounted for roughly two-thirds of Bloc imports of crude materials, and one-third of total Bloc imports from the underdeveloped countries, in recent years. As the growth of imports of natural rubber by the industrialized nations of the West has become limited by the increased use of synthetic rubber, Soviet Bloc imports have become a more important factor in world rubber trade. Imports of natural rubber from the Free World by the USSR expanded markedly in 1961, bringing total Bloc imports of rubber to about 485,000 tons, or about two-fifths of the total amount of rubber imported by the nations of Western Europe and North America. Bloc imports of rubber now represent about 30 percent of total Soviet imports from underdeveloped countries and 8 percent of those of its Satellites. These imports of natural rubber are obtained largely from Malaya, with Indonesia replacing Ceylon in recent years as the second most important supplier, possibly because of the political aims of the Bloc as well as economic considerations.

Within the food products category, cocoa beans and coffee have become the most important Bloc imports, accounting for one-fourth and one-third of Bloc imports of food products from the underdeveloped countries in 1960 and 1961, respectively. Bloc imports of coffee, more than four-fifths of which now come from Brazil, have increased steadily since 1959 reaching 80,000 tons in 1961, or more than four times as much as in the mid-1950's -- though still barely 3 percent of world trade in coffee. However, at 100,000 tons, Bloc imports of cocoa beans in 1960 accounted for about one-tenth of world trade. This proportion declined somewhat in 1961, however, largely as a result of a sharp decrease in Bloc imports of Ghanaian cocoa.

If the economic development of the underdeveloped countries is not to be paralyzed by chronic balance-of-payments difficulties they also must have markets for the exports of their developing manufacturing industries. Relatively low labor costs should contribute to making their products more competitive with those of highly industrialized countries over a wide range of light manufactures and it is desirable that they should be able to take advantage of such opportunities for international specialization and exchange. Yet, despite its charges that Western neo-colonialism seeks to perpetuate the status of the underdeveloped countries as predominantly raw materials suppliers, the Soviet Bloc thus far has offered the underdeveloped countries a direct market for little more than food products and crude materials. Its imports of manufactured goods have accounted for only a little more than \$100 million annually, a stable 11 percent of Bloc imports from these

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countries since 1959. By comparison, imports of manufactured goods from primary-producing countries by the industrialized nations of Western Europe and North America amounted to almost US \$2 billion in 1959. In both 1960 and 1961 roughly two-thirds of Bloc imports of manufactured goods from the underdeveloped countries consisted of Yugoslav metals and metal products, Rhodesian copper, Indian jute manufactures, and Egyptian cotton yarn, in that order.

**C. Prospects**

Any evaluations of future prospects for sustained Bloc imports from the underdeveloped countries must necessarily take into account the relation between potential Bloc requirements and the resources and export capabilities of these areas. Priority Bloc import requirements from non-Bloc countries will for several years consist largely of equipment and technology for the chemical, transportation, metallurgical, and electronics industries -- items for which underdeveloped countries have little immediate export potential.

With respect to rubber, the Bloc has been forced to supplement production by large imports in order to keep pace with increased demand. As noted above, these imports have increased more than threefold since 1955, reaching the record level of about 485,000 tons in 1961. Although purchases in 1961 were exceptionally high, partly because of Soviet efforts to replenish inventories, large imports of rubber by the Bloc are expected to continue and to reach roughly 500,000 to 600,000 tons by 1965. At the same time, however, the Bloc is making a determined drive to modernize and expand its chemical industry, with particular stress on plans for developing new synthetic rubber substitutes. Soviet statements made in 1959 indicate that the USSR intends to curtail its purchases of natural rubber as soon as possible by greatly expanding production of synthetic rubber. Thus, while short-run prospects suggest a continuation of imports at about the current high rate, the objective of Bloc countries evidently is ultimately to reduce or eliminate their dependence on imports of rubber.

With respect to textile fibers, the USSR exports large amounts of cotton, mainly to its European Satellites, at an annual volume which varies between 20 and 25 percent of Soviet domestic production. Although increasing requirements at home appear to strain the ability of the USSR to continue such extensive exports, these commitments appear fairly rigid as indicated by the export pattern of the past 10 years. Although cotton imports, on the

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other hand, have increased somewhat in response to growing demands of Soviet light industry, exports still are far greater -- actually twice the size of imports in 1960. Wool is also in short supply because of failures in domestic production.

The fulfillment of future goals for light industry depends in large part on a lagging agricultural sector for supplying increases in natural fibers and on a heavily burdened chemical industry for supplying rayon and synthetic fibers. Should agriculture and the chemical industry fail to meet the requirements of light industry, the official program for increasing the supplies of textiles and clothing to Soviet consumers would be placed in serious jeopardy. In this event, Soviet planners would have to look abroad, primarily to underdeveloped countries, for large quantities of textile fibers with which to supplement domestic supplies.

With regard to the tropical foodstuffs of the underdeveloped countries, the Bloc could provide an expanding market for products such as coffee, cocoa, and tropical fruits and vegetables, if its leaders become more responsive to the long suppressed desires of its people for a substantially higher standard of living. But any attempt to forecast future levels of these imports is rendered especially hazardous by the fact that they are not as closely related, as are imports of raw materials, for example, to other elements in the development plans of the Bloc countries; hence, they are more susceptible either to sudden restriction in the face of unforeseen balance-of-payments stringencies, or to sudden expansion when, in some area, it is deemed politically expedient to do so.

In order to provide any greatly expanded market for the exports of underdeveloped countries, however, the Bloc must be willing to absorb a range of goods from these countries considerably wider than their traditional primary products. It must be prepared, for example, to shift a part of its imports of machinery and equipment and semimanufactured goods from preferred Western suppliers to underdeveloped countries and to increase its imports of textiles, electrical equipment, and other products of light industry which these countries are now beginning to produce.

In the last analysis, it seems clear that the extent to which the Bloc, and the USSR in particular, will be willing to continue to absorb a substantial share of the traditional products of primary producing countries, to provide a market for the newer

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exports of these areas, and to make the internal planning adjustments required by such an exchange, will reflect political demands rather than predictable economic imperatives.

**III. The Bloc as a Source of Supply**

For the Bloc as a whole imports from the underdeveloped countries have exceeded exports in almost every year since 1955. The balance of trade of the USSR and the European Satellites differ markedly, however, in this respect. (See Tables 9 and 10) The European Satellites have shown a steady export surplus with the underdeveloped countries in every year since 1955. In 1961 the value of Satellite exports to the underdeveloped countries exceeded imports by about 22 percent. The salient fact about the Soviet exchange with the underdeveloped countries, on the other hand, is the chronic lag of its exports to the area, which is discussed more fully below.

As a supplier to the underdeveloped countries, the Soviet Bloc provides mainly manufactured goods, machinery and transport equipment and fuels. Together, these three categories of goods have accounted for between 70 to 75 percent of Bloc exports to the underdeveloped areas in recent years. (See Table 11) Within the broad category of manufactured goods, textile fabrics and yarns and iron and steel products have assumed major importance, accounting for almost two-thirds of Bloc exports of manufactures and almost one-fifth of total Bloc exports to the underdeveloped countries in 1960 and 1961. High on the Bloc's export list of machinery items to the underdeveloped areas are agricultural machinery, including tractors, electrical machinery, and transportation equipment.

Soviet exports of machinery and transportation equipment to the underdeveloped countries more than doubled between 1959 and 1961 and accounted for almost one-third of total Soviet machinery exports in 1961. Nevertheless, the value of Soviet machinery exports to the underdeveloped countries still is quite small compared with Western exports of machinery to this same group of nations; in 1960 Soviet exports of machinery to some 30 underdeveloped countries was only 12 percent of that of US machinery exports to these same countries.

A large portion of Soviet exports of machinery frequently is supplied to the underdeveloped countries in the form of complete plants. In 1961, the USSR provided exports of these integrated machinery units to 13 underdeveloped countries, of which Afghanistan, India and the UAR accounted for the major portion. (See Table 1)

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Table 1

**USSR Exports of Equipment for Complete Plants to  
Underdeveloped Countries  
1956 and 1959-61 a/**

	Million Current US \$			
	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
<b>Total USSR exports of machinery and equipment to underdeveloped countries</b>	<u>26.3</u>	<u>118.6</u>	<u>140.6</u>	<u>240.6</u>
<b>Equipment for complete plants, of which:</b>	<u>7.5</u>	<u>69.3</u>	<u>68.6</u>	<u>138.8</u>
India	5.8	34.2	18.2	39.6
United Arab Republic	b/	15.7	15.9	35.2
Afghanistan	1.7	14.7	17.4	18.6
Iraq	0	0.2	4.3	15.9
Indonesia	0	0	5.0	9.0
Syria	0	1.0	2.0	8.6

a. From official Soviet data.

b. Less than \$100,000.

Among Soviet exports to the underdeveloped countries, petroleum and petroleum products have been the most important single export, accounting for an average of more than one quarter of total Soviet exports to these countries since 1959. For some individual underdeveloped countries, these exports have provided a major share of their petroleum needs. In 1961, for example, the Bloc was virtually the sole supplier of Guinea's requirements for petroleum products.

Until 1960 the European Satellites appeared to have built up a significant export trade with the underdeveloped countries in manufactured goods, the value of which exceeded their exports of machinery and equipment by a rather large amount. Textile fabrics including yarns account for a much larger portion of Satellite exports of manufactures to the underdeveloped countries than is true of the USSR. Commencing in 1961, however, Satellite machinery exports exceeded those of manufactures and accounted for about one-third of total Satellite exports to the underdeveloped countries. Various kinds of transportation equipment are the most important category of Satellite machinery exports.

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**IV. Problems in Bloc Trade with the Underdeveloped Countries**

**A. The Effects of Bilateralism**

The consistent preference of the Bloc for the negotiation of bilateral trading agreements with Free World underdeveloped countries stems, in part, from its conviction that a bilateral trading system is particularly well suited to the central planning process, that it affords a convenient mechanism for the disposal of capital goods and manufactures which are not fully competitive in Western markets, that it enhances the bargaining power and political leverage of its state trading monopolies in dealing with weaker trading partners and most importantly, perhaps, that it provides an opportunity to expend imports without large transfers of gold or scarce foreign exchange.

Bilateralism also could appear attractive to underdeveloped countries, some of which themselves have established trade monopolies. It appears to be a less complex system to many of these countries where there are only a limited number of officials who understand the complexities of international economics. Moreover, bilateralism seems to assure underdeveloped countries that they will be able to dispose of their few vital export products and achieve some stability in their trade.

Despite these seeming advantages, however, it is clear that the conclusion of more than 200 bilateral agreements with individual underdeveloped countries has had a deleterious effect both on the efforts of members of the GATT to strengthen a multi-lateral trading system and quite often on the trading partners of the Bloc. Contrary to the purposes of the GATT, bilateralism often serves to depress the world level of trade and, in the case of the underdeveloped countries, effectively narrows the range of their trade relationships and hence their choice of imports and markets. The weaker the underdeveloped economy the more difficulty it has in breaking out of an established bilateral trade pattern. Having agreed to sell to the Bloc the bulk of its major export crop, such as Malian peanuts, the underdeveloped country lacks the alternative goods with which to earn on the world market the hard currency necessary for trade elsewhere.

Many underdeveloped countries now are becoming increasingly aware of the drawbacks to bilateral trade and are beginning to have reason to regret the extent of their dependence on the Bloc as a trading partner both from the standpoint of size and stability as well as quality and variety of Bloc goods. Moreover, it has become

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clear to many underdeveloped countries that the clearing account mechanism of bilateralism can work to their disadvantage.

### **B. Instability of Bloc Purchases**

The vexing problem of providing stable markets for the products of underdeveloped countries and of increasing their export earnings -- a problem which the West has been attempting to solve by international commodity agreements and other measures -- has not been alleviated by the conclusion of apparently large and attractive bilateral agreements with the Bloc. As a buyer the Bloc has proven to be sporadic and uncertain, one with whom the underdeveloped country finds it difficult to establish firm relations based on mutual confidence. An examination of Bloc imports, country by country, shows that quotas contained in the bilateral agreements frequently are underfulfilled and that Bloc purchases fluctuate widely from year to year. In 1960, for example, trade agreements concluded between Brazil and Poland, Czechoslovakia and the USSR called for Brazilian exports of US \$95 million to these three countries. These Bloc countries, in fact, purchased from Brazil goods valued at only US \$53 million, or roughly 55 percent of the agreement figures. This was not an isolated case.

The sharp fluctuations in Bloc purchases from underdeveloped countries are apparent in Table 2.

Table 2

Fluctuations in Bloc Imports  
from Selected Underdeveloped Countries  
1957-61

	Million Current US \$				
	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
Syria	16.6	30.1	12.2	20.0	14.9
Burma	16.3	5.8	2.5	7.0	4.1
Ghana	17.5	1.1	6.2	21.2	12.0
Iceland	20.3	22.9	21.9	16.3	10.0
Uruguay	7.9	28.4	24.6	9.0	12.5

Sellers are faced, therefore, with a serious choice of accepting spectacular but very possibly short-term markets or continuing to sell at a perhaps lower profit in their established markets.

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C. Disadvantages of Clearing Agreements

The peculiarities of the Bloc's economic system necessitate that the bilateral clearing accounts with non-Bloc countries almost always use a Western currency as a unit of value. In most cases, however, the underdeveloped country selling to the Bloc does not actually receive Western currency. Only in a few instances have underdeveloped countries been able to induce the Bloc to pay for part or all of its purchases in convertible currencies. A survey of bilateral payments arrangements concluded between the Bloc and the underdeveloped countries during 1959-61 revealed only 16 agreements which provided for financing the trade in freely convertible currencies. The usual practice is for the underdeveloped country to be given a credit in Bloc currency which, however, is not convertible into Western currency and cannot in most cases be used to make purchases in other Bloc countries. The value of the credit, therefore, depends on the value of goods which the underdeveloped country can buy from one particular Bloc country. Until the underdeveloped country knows what the Bloc country will supply, and at what prices, it cannot know for what price it has actually sold its products. Thus, the underdeveloped country which has negotiated the sale of an agricultural crop, for example, is forced to try and measure the relative benefit of sale by payment in goods whose delivery in the future remains to be negotiated. The deal will be satisfactory only if the goods to be delivered are moderately priced in terms of cost and quality, or if the seller has found it impossible to dispose of his export crop in Western markets at a reasonable price. This has not always been the case.

The customer buying fungible Bloc products such as grain, has had no great problems provided appropriate delivery dates, specifications, and penalty clauses were written into the purchase contract. Some Bloc products, however, often fail to meet quality standards; deliveries are often delayed; and spare parts are scarce.

As a result of these difficulties many underdeveloped countries have been placed in the position of holding Bloc trade credits without being able to use them. In 1961, for example, Soviet purchases from underdeveloped countries exceeded the value of its exports to these countries by about 40 percent. Although, as indicated earlier, some underdeveloped countries do not include in their trade returns all imports under foreign aid, the Soviet trade data, which do include exports furnished on credit, also show a consistent lag on the export side, although to a lesser degree. According to Soviet data, Soviet purchases from the underdeveloped countries in 1961 exceeded exports by 16 percent.

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These nations now are having to take drastic measures in an attempt to capitalize on these trade credits. Ghana's solution has taken the form of steering import licenses to the USSR. The Ghanaian Government now either rejects import license applications for goods from non-Bloc countries with a notation that the goods applied for are available from Bloc sources or returns import license applications for goods from non-Bloc countries approved for import from Bloc sources. Brazil's trade credit with the Bloc, coupled with its balance of payments crises, has led to increased pressures for giving priority to and discriminating in favor of the acquisition from the Bloc of needed industrial machinery and equipment. This situation was illustrated recently by the displacement of a winning low Japanese bid by a higher Czechoslovak bid for the supply of turbines for the expansion of a Brazilian hydroelectric plant.

Thus, it appears that a major weakness of the bilateral commercial exchange between the USSR and the underdeveloped countries is the inability or unwillingness of the USSR to provide enough exports of the type required by these economies. This is true despite the fact that the flow of Soviet industrial goods, mainly machinery, has been rising steadily in absolute terms coincident with the Bloc's economic assistance program.

**D. The Problem of Reexports**

Although detailed and conclusive evidence on the problem of Bloc reexports of goods imported from underdeveloped countries is scanty, officials of some countries in the area have expressed concern over these alleged Bloc practices. While the problem of disposing of large-scale politically inspired imports probably has not yet reached serious proportions, such charges have been made with respect to Ghanaian cocoa; Greek tobacco, cotton, suitcases, currants, and skins; and Egyptian cotton. What is more, such resales allegedly have been made below prevailing world market prices, thereby forcing down prices received by the original seller for the same products. Ghanaian officials, for example, reportedly have found Bloc purchases of cocoa resold in Western Europe with the result that Ghana found itself in competition with its own products in traditional markets. Similarly, Egyptian officials feel plagued by Bloc resales of Egyptian cotton. In the years prior to marketing year 1961/62 reexports of Egyptian cotton by Bloc countries accounted for an estimated 8 percent of Bloc purchases from Egypt. Moreover, these sales reportedly were made at prices ranging from 2 to 20 percent below world market prices. As a result in 1961/62 the Egyptian Cotton Commission restricted cotton exports to Communist countries while at the same time it increased relatively the volume of exports to the rest of the world during the first 6 months of the marketing year.

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**STATISTICAL APPENDIX**

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Table 3  
Soviet Bloc Trade with Underdeveloped Countries,  
1955-61

	Million Current US \$			
	<u>Trade Turnover</u>	<u>Share of Total Soviet Bloc Trade Turnover (in percent)</u>	<u>Bloc Exports</u>	<u>Bloc Imports</u>
1955	950.1	6.1	465.2	484.9
1956	1,115.4	6.9	572.9	542.5
1957	1,361.1	7.2	668.6	692.5
1958	1,737.2	8.5	876.8	860.4
1959	1,911.1	7.9	889.0	1,022.1
1960	2,144.0	8.0	1,019.7	1,124.3
1961	2,226.2	7.7	1,096.4	1,129.8

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Table 4

Share of Underdeveloped Countries' Trade with the Soviet Bloc in 1961

Share of Total Trade (in percent)	Total Trade Turnover	Exports	Imports
36 and above	Afghanistan	Afghanistan, United Arab Republic, Yugoslavia	Afghanistan, Guinea
29 - 29.9	United Arab Republic, Guinea		
23 - 24.9	Yugoslavia		United Arab Republic, Iceland
15 - 19.9	Iceland	Greece, Guinea	Yugoslavia
10 - 14.9	Greece, Syria	Syria, Iceland	
5 - 9.9	Brazil, Iran, Turkey, Sudan, Tunisia, Cambodia, India	Argentina, Brazil, Uruguay, Lebanon, Turkey, Sudan, Tunisia, India, Indonesia, Malaya	Greece, Iran, Syria, Turkey, Sudan, Cambodia, India

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Table 5

Soviet Bloc Exports to Underdeveloped Countries <sup>a/</sup> \*  
1955-1961

Area and Country	Million Current US \$					
	1955	1956	1957	1958	1959	1960
Total	<u>465.2</u>	<u>572.9</u>	<u>668.6</u>	<u>876.8</u>	<u>889.0</u>	<u>1,019.1</u>
Latin America	<u>149.6</u>	<u>125.3</u>	<u>67.4</u>	<u>106.1</u>	<u>123.1</u>	<u>158.8</u>
Argentina	103.6	58.2	15.3	56.2	49.1	47.1
Barbados	--	--	--	--	--	--
Brazil	38.1	46.1	37.0	29.0	49.2	79.6
Chile	1.2	2.3	0.7	0.9	0.5	1.1
Colombia	1.2	1.4	1.6	1.9	2.5	5.4
Ecuador	--	--	0.3	0.5	0.1	b/
Guatemala	--	--	--	--	0.8	1.3
Honduras	--	--	--	--	--	--
Mexico	1.0	2.1	2.4	2.0	2.0	2.8
Paraguay	--	2.0	0.1	--	--	--
Peru	0.1	--	1.4	0.9	0.8	1.3
Trinidad	--	--	--	--	--	--
Uruguay	2.5	10.6	5.0	10.3	11.3	15.0
Venezuela	1.9	2.6	3.6	4.4	6.8	5.2

\* Footnotes for Table 5 follow on p. 20.

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Soviet Bloc Exports to Underdeveloped Countries  
(Continued)

Area and Country	1955	1956	1957	1958	1959	1960	1961
<u>Middle East</u>	<u>194.1</u>	<u>206.4</u>	<u>292.1</u>	<u>379.4</u>	<u>342.0</u>	<u>350.0</u>	<u>363.1</u>
Aden	--	--	--	--	2.7	3.7	3.6
Cyprus	--	--	--	--	3.0	2.6	3.2
Greece	13.0	21.4	30.6	39.7	41.9	55.5	50.3
Iran	25.8	26.5	35.9	37.7	37.1	30.3	33.6
Iraq	5.1	6.2	7.2	5.8	14.7	30.9	36.7
Israel	10.5	3.7	8.5	7.8	6.1	4.2	6.1
Jordan	2.3	4.1	4.9	7.1	4.6	6.0	6.3
Kuwait	--	2.9	3.1	--	--	--	1.9
Lebanon	6.0	9.0	9.4	6.5	8.9	13.9	13.0
Libya	--	--	--	--	1.4	2.1	1.2
Malta	--	--	--	--	1.1	1.1	2.4
Syrian Arab Republic	5.3	7.6	12.7	23.2	18.4	18.0	18.1
Turkey	91.3	59.4	66.6	57.2	42.4	42.6	39.5
United Arab Republic	34.8	65.6	113.2	194.4	159.7	139.1	147.1
<u>Africa</u>	<u>12.7</u>	<u>17.3</u>	<u>20.3</u>	<u>22.8</u>	<u>68.2</u>	<u>101.5</u>	<u>132.1</u>
Algeria	--	--	--	--	12.5	8.9	4.7
Angola	--	--	--	--	0.7	0.4	0.4
Cameroon	--	--	--	--	1.4	1.0	0.1
Congo Republic	--	--	--	--	3.1	2.1	2.5

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Soviet Bloc Exports to Underdeveloped Countries  
(Continued)

Area and Country	1952	1956	1957	1958	1959	1960	Million Current US \$
Ethiopia	--	--	--	1.8	1.8	4.3	3.7
Federation of Rhodesia and Nyasaland	--	--	--	--	1.2	2.0	1.8
Ghana	4.9	4.8	6.6	6.1	8.0	12.0	8.7
Guinea	--	--	--	0.5	9.0	21.2	5.2
Gory Coast	--	--	--	--	n.a.	0.1	n.a.
Kenya	--	--	--	--	0.4	0.6	0.6
Morocco	3.8	4.7	5.4	6.2	7.4	15.7	8.4
Nigeria	--	--	--	--	9.5	11.7	4.4
Senegal	--	--	--	--	n.a.	0.1	6.5
Sierra Leone	--	--	--	--	0.4	1.0	n.a.
Sierra Leone	4.0	7.1	5.5	6.0	9.9	14.4	2.3
Togo	--	--	--	--	n.a.	b/	9.9
Tunisia	--	0.7	2.8	2.2	2.8	5.9	2.0
Uganda	--	--	--	--	0.1	0.1	8.8
Asia	57.0	93.2	116.0	127.0	133.6	157.5	9.1
Afghanistan	--	--	--	23.1	32.0	31.7	2.2
Burma	1.7	15.3	20.1	14.7	9.0	10.5	4.4
Cambodia	--	--	--	0.6	1.9	5.7	1.1
Ceylon	1.6	1.6	2.1	2.0	4.9	4.6	1.5
India	15.1	52.2	76.6	68.6	66.2	67.6	9.9
Indonesia	30.4	14.5	6.4	4.4	8.0	14.2	0.6
Philippines	--	--	--	--	--	--	6.5
Asia	--	--	--	--	--	--	8.7
Asia	--	--	--	--	--	--	1.3

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Soviet Bloc Exports to Underdeveloped Countries  
(Continued)

Area and Country	Million Current US \$				
	1955	1956	1957	1958	1959
Malaya	4.1	5.3	5.1	4.8	4.8
Pakistan	3.1	2.3	2.5	5.7	3.7
Sarawak	--	--	--	--	--
Taiwan	--	--	--	--	--
Thailand	1.0	2.0	3.2	3.1	3.1
Europe	51.8	130.7	172.8	241.5	222.1
Iceland	17.3	23.7	27.8	27.7	29.0
Portugal	1.5	2.0	1.6	3.0	4.4
Spain	--	--	0.5	16.7	19.0
Yugoslavia	33.0	105.0	142.9	194.1	169.7
1960					251.2
1961					250.4
1962					251.4
1963					251.4
1964					251.4
1965					251.4
1966					251.4
1967					251.4
1968					251.4
1969					251.4
1970					251.4
1971					251.4
1972					251.4
1973					251.4
1974					251.4
1975					251.4
1976					251.4
1977					251.4
1978					251.4
1979					251.4
1980					251.4
1981					251.4
1982					251.4
1983					251.4
1984					251.4
1985					251.4
1986					251.4
1987					251.4
1988					251.4
1989					251.4
1990					251.4
1991					251.4
1992					251.4
1993					251.4
1994					251.4
1995					251.4
1996					251.4
1997					251.4
1998					251.4
1999					251.4
2000					251.4
2001					251.4
2002					251.4
2003					251.4
2004					251.4
2005					251.4
2006					251.4
2007					251.4
2008					251.4
2009					251.4
2010					251.4
2011					251.4
2012					251.4
2013					251.4
2014					251.4
2015					251.4
2016					251.4
2017					251.4
2018					251.4
2019					251.4
2020					251.4
2021					251.4
2022					251.4
2023					251.4
2024					251.4
2025					251.4
2026					251.4
2027					251.4
2028					251.4
2029					251.4
2030					251.4
2031					251.4
2032					251.4
2033					251.4
2034					251.4
2035					251.4
2036					251.4
2037					251.4
2038					251.4
2039					251.4
2040					251.4
2041					251.4
2042					251.4
2043					251.4
2044					251.4
2045					251.4
2046					251.4
2047					251.4
2048					251.4
2049					251.4
2050					251.4
2051					251.4
2052					251.4
2053					251.4
2054					251.4
2055					251.4
2056					251.4
2057					251.4
2058					251.4
2059					251.4
2060					251.4
2061					251.4
2062					251.4
2063					251.4
2064					251.4
2065					251.4
2066					251.4
2067					251.4
2068					251.4
2069					251.4
2070					251.4
2071					251.4
2072					251.4
2073					251.4
2074					251.4
2075					251.4
2076					251.4
2077					251.4
2078					251.4
2079					251.4
2080					251.4
2081					251.4
2082					251.4
2083					251.4
2084					251.4
2085					251.4
2086					251.4
2087					251.4
2088					251.4
2089					251.4
2090					251.4
2091					251.4
2092					251.4
2093					251.4
2094					251.4
2095					251.4
2096					251.4
2097					251.4
2098					251.4
2099					251.4
2100					251.4

These data are based on official trade statistics of the Free World countries involved (with the exception of Afghanistan, the statistics for which are based on Soviet data). All values have been rounded to the nearest \$100,000. A dash (--) entry indicates that no figure for trade is known, although some may have taken place. b. Less than \$50,000.

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Table 6

Soviet Bloc Imports from Underdeveloped Countries a/\*  
1955-1961

Area and Country	1955	1956	1957	1958	1959	1960	1961
Total	<u>484.2</u>	<u>542.5</u>	<u>692.5</u>	<u>860.4</u>	<u>1,022.1</u>	<u>1,124.3</u>	<u>1,128.8</u>
Latin America	<u>138.3</u>	<u>21.0</u>	<u>77.1</u>	<u>133.6</u>	<u>136.7</u>	<u>149.4</u>	<u>146.7</u>
Argentina	83.9	41.1	28.9	63.6	53.8	59.7	50.6
Barbados	--	--	--	--	--	--	70.8
Brazil	42.0	38.8	39.5	38.3	55.3	70.9	71.2
Chile	0.3	b/	b/	0.3	--	0.6	1.2
Colombia	1.2	0.7	0.4	1.9	2.7	8.1	1.2
Ecuador	--	--	0.1	0.2	0.2	c/	1.2
Guatemala	--	--	--	--	--	--	1.2
Honduras	--	--	--	--	--	--	1.2
Mexico	0.4	0.5	0.3	0.3	c/	1.0	9.4
Peru	c/	--	--	0.6	0.1	0.1	1.2
Trinidad	--	--	--	--	--	--	1.2
Uruguay	10.5	7.9	7.9	28.4	24.6	9.0	1.2
Venezuela	--	0.2	--	n.a.	--	--	1.2
Middle East	<u>186.4</u>	<u>230.3</u>	<u>323.3</u>	<u>350.7</u>	<u>317.5</u>	<u>343.6</u>	<u>358.0</u>
Aden	--	--	--	--	--	--	1.2
Cyprus	--	--	--	--	1.2	1.4	1.2
Greece	8.5	19.5	24.0	37.5	33.6	44.9	3.3
Turkey	20.7	18.3	22.6	30.8	22.0	28.0	3.3

\* Footnotes for Table 6 follow on p. 24

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Soviet Bloc Imports from Underdeveloped Countries  
(Continued)

Area and Country	Million Current US\$						Approved for Release CIA-RDP79T01049A0002700080001-3
	1952	1956	1957	1958	1959	1960	
Tunisia	0.1	--	--	5.7	4.2	2.0	1961
Israel	3.4	4.8	5.7	6.9	5.2	3.7	1961
Jordan	--	0.8	--	0.9	1.0	1.1	1961
Lebanon	2.0	2.2	3.3	2.7	2.5	3.2	1961
Libya	--	--	--	--	0.5	0.7	1961
Malta	--	--	--	--	--	--	1961
Syrian Arab Republic	1.5	9.7	16.6	30.1	12.2	20.0	1961
Turkey	68.6	59.9	63.5	55.9	41.0	39.0	1961
United Arab Republic	81.6	115.1	187.6	185.9	194.1	199.6	1961
Africa	24.0	15.3	31.5	25.6	69.5	95.2	1961
Algeria	--	--	--	--	4.9	2.1	1961
Angola	--	--	--	--	0.6	2.2	1961
Benin	--	--	--	--	5.7	0.5	1961
Burkina Faso	--	--	--	--	0.1	0.8	1961
Cote d'Ivoire	--	--	--	0.4	0.4	0.5	1961
Federation of Rhodesia and Nyasaland	--	--	--	--	--	--	1961
Ghana	11.4	5.7	17.5	--	13.9	16.5	1961
Guinea	--	--	--	1.1	6.2	21.2	1961
Ivory Coast	--	--	--	3.4	5.2	12.5	1961
Kenya	--	--	--	--	5.6	--	1961
Morocco	9.4	4.7	6.5	11.0	--	2.9	1961
Nigeria	--	--	--	--	7.9	9.3	1961
Senegal	--	--	--	--	4.0	8.4	1961
	--	--	--	--	--	--	1961

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Soviet Bloc Imports from Underdeveloped Countries  
(Continued)

Area and Country	1952	1956	1957	1958	1959	1960	1961
Sierra Leone	--	--	--	--	--	--	--
Sudan	3.2	3.6	5.9	6.6	11.1	14.2	14.2
Togo	--	--	--	--	--	0.1	0.1
Tunisia	--	1.3	1.6	3.1	3.9	3.9	3.9
Uganda	--	--	--	--	--	0.1	0.1
Asia	79.4	107.9	129.8	189.7	303.2	312.8	312.8
Afghanistan	--	--	--	12.6	19.5	16.7	16.7
Burma	25.7	20.3	16.3	5.8	2.5	7.0	7.0
Cambodia	--	--	--	0.2	1.1	5.4	5.4
Ceylon	0.3	0.3	1.3	5.1	7.3	12.2	12.2
India	8.6	36.5	54.9	63.3	91.7	96.6	96.6
Indonesia	27.7	11.9	8.4	10.6	19.2	34.8	34.8
Malaya	11.9	34.4	38.3	77.8	149.3	115.5	115.5
Pakistan	5.2	4.5	10.6	14.2	10.2	15.9	15.9
Thailand	--	--	--	0.1	2.4	8.7	8.7
Europe	56.8	98.0	130.8	160.8	195.2	223.3	223.3
Iceland	14.5	19.0	20.3	22.9	21.9	16.3	16.3
Portugal	6.7	5.1	4.2	4.8	6.1	7.1	7.1
Spain	0.1	--	1.2	9.9	19.9	17.8	17.8
Yugoslavia	35.5	73.9	105.1	123.2	147.3	182.1	182.1

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Soviet Bloc Imports from Underdeveloped Countries  
(Continued)

so. These data are based on official trade statistics of the Free World countries involved (with the exception of Afghanistan, the statistics for which are based on Soviet data). All values have been rounded to the nearest \$100,000. A dash (--) entry indicates that no figure for trade is known, although some may have taken place.  
b3 Less than \$100,000.  
b3 Less than \$50,000.

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Table 7

Soviet Bloc Trade with Underdeveloped Countries,  
by Area, 1955-61  
(in percent of total Bloc trade with underdeveloped countries)

	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
Latin America	30	19	11	14	14	14	13
Middle East	40	39	45	42	34	33	32
Africa	4	3	4	3	7	9	10
Asia	14	18	18	18	23	22	27
Europe	<u>12</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>22</u>	<u>22</u>	<u>18</u>
	100	100	100	100	100	100	100

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Table 8

Underdeveloped Country Exports to Soviet Bloc by Commodity, 1955 and 1959-61

	Soviet Bloc					USSR			European Satellites			Approved or Released
	1955	1959	1960	1961	1961	1955	1959	1960	1955	1959	1960	
Total a/	436.3	951.0	976.4	1003.9	116.2	444.0	425.8	413.1	320.1	507.0	550.6	598.8
Food, Beverages and Tobacco, Fats and Oils	185.7	216.3	221.6	225.1	61.5	71.7	111.2	90.7	124.2	144.6	110.4	138.4
Cocoa Beans	21.4	19.8	40.9	19.9	11.5	6.4	28.8	9.0	9.9	13.4	12.1	10.9
Coffee	8.2	28.1	33.1	35.9	--	6.5	15.3	15.4	8.2	21.6	17.8	28.5
Crude Materials	225.8	550.8	569.1	572.6	48.5	281.9	234.0	246.2	177.3	268.9	335.1	325.7
Rubber	33.4	170.6	157.9	173.7	--	133.7	85.5	125.3	33.4	36.9	72.4	48.4
Cotton	103.3	209.2	225.5	207.9	19.2	90.4	99.9	81.0	84.1	118.8	125.6	122.9
Wool	23.6	39.9	26.2	24.9	10.2	20.5	10.6	10.7	13.4	19.4	15.6	14.2
Hides and Skins	38.1	55.3	64.4	59.2	14.9	24.0	24.7	17.3	23.2	31.3	39.7	41.9
Iron ore	1.7	15.6	20.6	27.1	--	--	--	0.1	1.7	15.6	20.6	25.0
Mineral Fuels	0.1	0.7	2.8	0.8	b/	--	b/	b/	0.1	0.7	2.8	7.8
Chemicals	8.5	12.4	14.7	16.2	1.0	4.2	5.7	5.0	7.5	8.2	9.0	10.2
Manufactured Goods	12.8	110.7	107.9	106.8	4.4	60.9	49.3	41.8	8.4	49.8	58.6	64.0
Machinery and Transport Equipment	b/	37.6	44.7	60.0	b/	13.5	18.1	24.4	b/	24.1	26.6	30.6
Other and Unspecified	3.4	22.5	15.6	22.4	0.8	11.8	7.5	4.3	2.6	10.7	8.1	10.1
												1001.3

a. Excludes Cuba. Includes all underdeveloped countries for which commodity data are available.

b. Under \$500,000.

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Table 9  
Soviet Bloc Imports from Underdeveloped Countries  
by Bloc Area  
1955 and 1959-1961 a/\*

Area and Country	USSR				European Satellites			
	1955	1959	1960	1961	1955	1959	1960	1961
TOTAL	148.2	480.2	492.1	551.3	336.7	541.9	632.2	578.5
Latin America	36.2	31.4	33.7	32.8	102.1	105.3	115.7	111.9
Argentina	29.7	19.3	17.8	12.7	54.2	34.5	41.9	39.9
Brazil	0.7	3.7	13.3	19.2	41.3	51.6	57.6	55.6
Chile	--	--	--	--	0.3	--	0.6	1.2
Colombia	0.8	--	0.2	--	0.4	2.7	7.9	2.1
Ecuador	--	--	--	--	--	0.2	b/	0.2
Mexico	0.4	b/	0.9	b/	b/	b/	0.1	0.9
Peru	b/	--	--	b/	b/	0.1	0.1	0.4
Uruguay	4.6	8.4	1.5	0.9	5.9	16.2	7.5	11.6
Middle East	47.4	121.0	140.0	123.9	139.0	196.5	203.6	227.1
Aden	--	--	--	--	--	--	--	--
Cyprus	--	b/	0.6	1.4	--	1.2	0.8	0.9
Greece	2.2	11.8	18.8	18.8	--	21.8	26.1	33.5
Iran	17.1	13.6	17.6	17.7	6.3	8.4	10.4	23.0
Iraq	--	2.5	0.7	2.2	3.6	1.7	1.3	1.1
Israel	1.7	0.1	0.3	0.4	0.1	5.1	3.4	6.1

\* Footnotes for Table 9 follow on p. 29.

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Soviet Bloc Imports from Underdeveloped Countries by Bloc Area a/  
(Continued)

Area and Country	Million Current US \$							
	USSR				European Satellites			
	1955	1959	1960	1961	1955	1959	1960	1961
Jordan	--	--	--	--	--	1.0	1.1	0.9
Lebanon	1.0	2.1	1.7	2.0	1.0	0.4	1.5	1.5
Libya	--	0.4	0.4	0.6	--	0.1	0.3	0.1
Syrian Arab Republic	0.0	4.3	6.6	3.3	1.5	7.9	13.4	11.6
Turkey	5.2	4.8	4.6	4.5	63.4	36.2	34.4	25.5
United Arab Republic	20.2	81.4	88.7	73.0	61.4	112.7	110.9	122.9
<u>Africa</u>	<u>13.1</u>	<u>39.0</u>	<u>57.7</u>	<u>37.3</u>	<u>10.9</u>	<u>30.5</u>	<u>37.5</u>	<u>46.4</u>
Algeria	--	3.2	1.6	1.0	--	1.7	0.5	1.1
Angola	--	--	0.4	--	--	0.6	1.8	1.0
Cameroon	--	5.5	0.2	--	--	0.2	0.3	0.3
Congo Republic	--	--	--	N.A.	--	0.1	0.8	N.A.
Ethiopia	--	0.2	--	0.5	--	0.2	0.5	1.0
Federation of Rhodesia and Nyasaland	--	11.9	12.0	4.9	--	2.0	4.5	7.1
Ghana	11.4	5.5	20.4	8.6	--	0.7	0.8	1.7
Guinea	--	0.5	3.9	5.3	--	4.7	8.6	9.1
Ivory Coast	--	5.6	2.8	b/	--	--	0.1	0.1
Kenya	--	--	--	--	--	--	--	b/
Morocco	1.7	1.3	3.5	4.7	7.7	6.6	5.8	9.3
Nigeria	--	--	5.5	--	--	4.0	2.9	3.0
Senegal	--	--	--	--	--	--	--	0.1
Sudan	--	4.3	5.8	9.8	3.2	6.8	8.4	7.3
Togo	--	--	--	--	--	--	0.1	--
Tunisia	--	1.0	1.6	2.5	--	2.9	2.3	4.7
Uganda	--	--	--	--	--	--	0.1	0.6

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Soviet Bloc Imports from Underdeveloped Countries by Bloc Area a/  
(Continued)

Area and Country	USSR					European Satellites			
	1955	1959	1960	1961		1955	1959	1960	1961
<u>Asia</u>	<u>20.8</u>	<u>223.2</u>	<u>188.2</u>	<u>224.4</u>		<u>58.6</u>	<u>79.3</u>	<u>124.6</u>	<u>120.8</u>
Afghanistan	--	16.0	16.7	19.7		--	3.5	N.A.	--
Burma	15.2	0.9	5.0	b/		10.5	1.6	2.0	4.1
Cambodia	--	--	3.1	0.9		--	1.1	2.3	0.7
Ceylon	--	6.4	8.2	9.5		0.3	0.9	4.0	7.0
India	5.2	63.7	62.9	65.2		3.4	28.0	33.7	47.1
Indonesia	--	15.5	28.1	31.5		27.7	3.7	6.7	9.5
Malaya	0.4	115.8	53.9	89.9		11.5	33.5	61.6	35.6
Pakistan	b/	3.5	4.4	3.4		5.2	6.7	11.5	13.5
Thailand	--	2.1	5.9	4.3		--	0.3	2.8	3.3
<u>Europe</u>	<u>30.7</u>	<u>64.2</u>	<u>72.5</u>	<u>132.2</u>		<u>26.1</u>	<u>130.3</u>	<u>150.8</u>	<u>72.3</u>
Iceland	9.6	11.9	9.9	5.1		4.9	10.0	6.4	4.9
Portugal	3.2	1.6	2.5	b/		3.5	4.5	4.6	4.6
Spain	--	4.2	7.1	3.0		0.1	15.7	10.7	11.9
Yugoslavia	17.9	47.2	53.0	124.8		17.6	100.1	129.1	50.9

a. These data are based on official trade statistics of the Free World countries involved (with the exception of Afghanistan, the statistics for which are based on Soviet data). All values have been rounded to the nearest \$100,000. A dash (--) entry indicates that no figure for trade is known, although some trade may have taken place.

b. Less than \$50,000.

c. Less than \$100,000.

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Table 10

Soviet Bloc Exports to Underdeveloped Countries  
by Bloc Area <sup>a</sup>/<sub>1</sub>\*  
1955 and 1959-61

Area and Country	USSR					European Satellites					Million Current US \$	
	1955	1959	1960	1961		1955	1959	1960	1961		1955	1961
Total	<u>107.1</u>	<u>326.8</u>	<u>363.9</u>	<u>391.4</u>		<u>358.1</u>	<u>562.2</u>	<u>655.8</u>	<u>705.0</u>			
Latin America	<u>32.3</u>	<u>28.0</u>	<u>42.3</u>	<u>32.3</u>		<u>117.3</u>	<u>95.1</u>	<u>116.5</u>	<u>109.5</u>			
Argentina	32.2	21.9	13.4	11.9		71.4	27.2	33.7	35.8			
Barbados	--	--	--	b/		--	--	--	0.2			
Brazil	--	1.3	17.6	19.2		38.1	47.9	62.0	51.1			
Chile	--	b/	b/	b/		1.2	0.5	1.1	1.4			
Colombia	--	b/	0.2	b/		1.2	2.5	5.2	5.9			
Ecuador	--	--	--	--		--	0.1	b/	0.7			
Guiana	--	b/	--	--		--	0.8	1.3	1.4			
Honduras	--	--	--	b/		--	--	--	1.4			
Mexico	b/	0.5	0.5	0.3		1.0	1.5	2.3	2.0			
Peru	b/	b/	b/	b/		0.1	0.8	1.3	1.3			
Trinidad	--	--	--	--		--	--	--	0.4			
Uruguay	0.1	4.3	10.6	0.9		2.4	7.0	4.4	3.1			
Venezuela	b/	b/	b/	b/		1.9	6.8	5.2	4.8			
Middle East	<u>42.9</u>	<u>134.0</u>	<u>136.4</u>	<u>153.7</u>		<u>151.2</u>	<u>208.0</u>	<u>213.6</u>	<u>209.4</u>			
Aden	--	--	--	b/		--	2.7	3.7	2.6			
Cyprus	--	--	0.6	1.7		--	3.0	2.0	1.5			
Greece	1.9	16.0	28.3	19.9		11.1	25.9	27.2	30.4			

\* Footnotes for Table 10 follow on p. 33.

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Soviet Bloc Exports to Underdeveloped Countries by Bloc Area a/  
(Continued)

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Area and Country	USSR					European Satellites			
	1955	1959	1960	1961	1955	1959	1960	1961	Million Current US \$
Iran	20.3	20.8	17.3	18.3	5.5	16.3	13.0	15.3	
Iraq	c/	4.0	7.4	12.0	5.1	10.7	23.5	24.7	
Israel	4.6	0.3	0.4	0.3	5.7	5.8	3.8	5.8	
Jordan	b/	--	0.1	0.1	2.3	4.6	5.9	6.2	
Lebanon	0.8	2.5	4.7	4.0	5.2	6.4	9.2	9.0	
Libya	--	0.6	0.9	1.5	--	0.8	1.2	2.7	
Malta	--	b/	b/	b/	--	1.1	1.1	2.4	
Syrian Arab Republic	0.2	6.1	7.3	8.1	5.1	12.3	10.7	10.0	
Turkey	8.3	6.6	6.0	8.4	83.0	35.8	36.6	31.1	
United Arab Republic	6.6	77.1	63.4	79.4	28.2	82.6	75.7	67.7	
<u>Africa</u>	<u>0.2</u>	<u>12.0</u>	<u>28.2</u>	<u>44.6</u>	<u>12.5</u>	<u>56.2</u>	<u>73.3</u>	<u>86.5</u>	
Algeria	--	3.9	1.9	0.6	--	8.6	7.0	6.1	
Angola	--	--	--	--	--	0.7	0.4	0.4	
Cameroon	--	b/	--	--	--	1.4	1.0	1.1	
Congo Republic	--	0.1	b/	b/	--	3.0	2.1	0.5	
Ethiopia	--	0.6	1.5	1.0	--	1.2	2.8	2.7	
Federation of Rhodesia and Nyasaland	--	--	2.0	0.1	--	1.2	--	1.7	
Ghana	b/	b/	1.6	12.5	4.9	8.0	10.4	6.2	
Guinea	--	1.0	5.2	8.5	--	8.0	16.0	16.7	
Ivory Coast	--	--	N.A.	N.A.	--	N.A.	0.1	N.A.	
Kenya	--	--	--	b/	--	0.4	0.6	0.6	
Morocco	0.1	2.5	6.5	4.1	3.7	4.9	9.2	14.3	

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Soviet Bloc Exports to Underdeveloped Countries by Bloc Area a/  
(Continued)

Area and Country	Million Current US \$							
	USSR				European Satellites			
	1955	1959	1960	1961	1955	1959	1960	1961
Nigeria	--	b/	--	b/	--	9.5	11.7	14.4
Senegal	--			5.4	--			1.1
Mali	--	N.A.	b/	N.A.	--	N.A.	0.1	N.A.
Mauretania	--	--	0.1	--	--	0.4	0.9	--
Sierra Leone	0.1	2.9	6.5	b/	3.9	7.0	7.9	2.3
Sudan	--	N.A.	--	8.9	--	N.A.	b/	11.0
Togo	--	1.0	2.9	0.8	--	1.8	3.0	1.2
Tunisia	--	--	--	2.7	--	0.1	0.1	6.1
Uganda	--	--	--	--	--			0.1
<u>Asia</u>	<u>6.6</u>	<u>73.3</u>	<u>81.4</u>	<u>114.2</u>	<u>50.4</u>	<u>60.3</u>	<u>76.1</u>	<u>137.3</u>
Afghanistan	--	28.0	31.7	34.4	--	4.0	N.A.	--
Burma	0.1	3.9	2.9	4.5	1.6	5.1	7.6	4.6
Cambodia	--	1.1	2.1	1.7	--	0.8	3.6	3.8
Ceylon	0.1	0.5	1.3	2.0	2.5	4.4	3.3	8.9
India	6.0	35.0	27.9	53.4	9.1	31.2	39.7	77.2
Indonesia	0.2	2.5	6.7	10.4	30.2	5.5	7.5	26.1
Leos	--	--	--	--	--	--	--	b/
Malaya	b/	0.8	2.2	2.8	--	4.0	4.7	8.8
Pakistan	0.1	0.8	5.3	3.8	3.0	2.9	5.5	3.2
Sarawak	--	--	--	0.1	--	--	--	0.2
Taiwan	--	--	--	--	--	--	--	--
Thailand	0.1	0.7	1.3	1.8	0.9	2.4	4.2	4.5

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Soviet Bloc Exports to Underdeveloped Countries by Bloc Area e/  
(Continued)

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Area and Country	Million Current US \$					
	USSR			European Satellites		
	1955	1959	1960	1955	1959	1961
Europe	25.1	79.5	75.6	26.7	142.6	162.3
Iceland	10.6	15.2	12.4	6.7	13.8	6.4
Portugal	0.1	1.6	2.3	1.4	2.8	6.6
Spain	--	5.1	3.7	--	13.9	11.9
Yugoslavia	14.4	57.6	57.2	18.6	112.1	137.4

a. These data are based on official trade statistics of the Free World countries involved, (with the exception of Afghanistan, the statistics for which are based on Soviet data). All values have been rounded to the nearest \$100,000. A dash (--) entry indicates that no figure for trade is known, although some trade may have taken place.

b. Less than \$50,000.

c. Less than \$100,000.

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Table 11

Underdeveloped Country Imports from Soviet Bloc, by Commodity  
1959-61

	Million Current US \$								
	Soviet Bloc			USSR		European Satellites			
	1959	1960	1961	1959	1960	1961	1959	1960	1961
Total a/	745.0	802.9	845.4	63.5	284.0	278.3	481.5	518.9	567.1
Foods, Beverages and Tobacco, Fats and Oils	78.1	78.7	84.8	36.5	27.8	19.2	41.6	50.9	65.6
Grains	40.7	28.2	19.7	33.6	22.1	14.3	7.1	6.1	5.4
Crude Materials	51.3	48.6	35.4	33.3	28.2	19.8	18.0	19.7	15.6
Mineral Fuels	137.6	132.8	102.8	96.5	101.7	70.2	41.1	31.1	32.6
Coal	34.8	33.0	30.0	14.9	15.8	13.2	19.9	17.2	16.8
POL	99.6	94.1	69.8	82.1	83.3	56.7	17.5	10.8	13.1
Chemicals	72.3	55.0	52.6	8.5	9.2	8.4	63.8	45.1	51.2
Manufactured Goods	225.5	251.2	241.3	60.9	66.5	67.0	164.6	184.7	174.3
Textile fabrics, including yarn	39.5	71.7	63.7	10.1	14.7	16.8	29.4	57.0	46.9
Iron and steel	88.7	93.5	88.7	42.4	44.8	31.5	46.3	48.7	57.2
Machinery and Transport Equip- ment	164.7	216.2	247.7	25.2	45.2	52.4	138.8	170.3	188.3
Transport Equipment	50.0	71.2	59.4	11.5	19.1	11.9	38.5	52.1	47.5
Electrical Machinery	27.0	37.0	40.4	1.4	3.6	5.9	25.6	33.4	34.5
Agricultural Machinery and Tractors	22.7	45.0	24.1	6.1	14.8	7.2	16.6	30.2	16.9
Other and Unspecified	15.5	20.4	73.8	1.2	3.3	34.3	13.6	17.1	39.5

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Underdeveloped Country Imports from Soviet Bloc, by Commodity  
(Continued)

a. Excludes Cuba. Includes all underdeveloped countries for which commodity data are available.

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